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ANNUAL REPORT 1966

Philadelphia Electric Company



Apartments in Society Hill overlook the redevelopment of Philadelphia's Delaware River waterfront

Annual Meeting

The annual meeting of the stockholders of the Company will be held on April 12 at twelve o'clock noon at the office of the Company, Edison Building, Ninth and Sansom Streets, Philadelphia. Holders of common stock of record at the close of business on March 3 are entitled to vote at this meeting. Notice of the meeting, proxy statement, and form of proxy are being sent with this report to the holders of common stock. Prompt return of the proxies will be appreciated.



Annual Report 1966

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*ON THE COVER. Center City Philadelphia, busy crossroads
in Southeast Pennsylvania.*



BOARD OF DIRECTORS

- *GUSTAVE G. AMSTERDAM *President, Bankers Securities Corporation*
GEORGE H. BROWN, JR. *Chairman of the Board, Girard Trust Bank*
*JOHN A. DIEMAND *Chairman of the Executive Committee,
Insurance Company of North America*
*ROBERT F. GILKESON *President of the Company*
WILLIAM W. HAGERTY *President, Drexel Institute of Technology*
*WILLIAM G. HAMILTON, JR. *President, Amercon Corporation*
PAUL R. KAISER *President, Tasty Baking Company*
VINCENT P. McDEVITT . . . *Vice-President and General Counsel of the Company*
*ROY G. RINCLIFFE *Chairman of the Board of the Company*
PHILIP T. SHARPLES *Director, Lehigh Valley Railroad Company*
G. STOCKTON STRAWBRIDGE *President, Strawbridge & Clothier*

*Member of Executive Committee, of which Mr. Rincliffe is chairman.

OFFICERS

- ROY G. RINCLIFFE *Chairman of the Board*
ROBERT F. GILKESON *President*
GEORGE R. CONOVER *Vice-President—Personnel and Public Relations*
VINCENT P. McDEVITT *Vice-President and General Counsel*
ROBERT P. LIVERSIDGE *Vice-President—Electric Operations*
WILLIAM H. JONES *Vice-President—Purchasing and Service Operations*
J. HENRY LONG *Vice-President—Gas Operations*
CHARLES W. WATSON *Vice-President—General Administration*
JAMES H. HARLOW *Vice-President and Executive Engineer*
ALLAN G. MITCHELL *Vice-President—Finance and Accounting*
J. LEE EVERETT *Vice-President—Engineering and Research*
†JOHN M. WARNER *Vice-President—Sales*
VINCENT J. WALSH *Secretary*
GEORGE W. MILLER *Treasurer*
WILLIAM F. BERGAN *Assistant Secretary*
DAVID W. EVANS, JR. *Assistant Treasurer*

†Elected vice-president January 30, 1967, following the death of Milton I. Allen.

GENERAL OFFICE: 1000 CHESTNUT STREET, PHILADELPHIA, PA. 19105

FISCAL AGENTS ARE SHOWN ON PAGE 30



March 6, 1967

TO OUR SHAREOWNERS:

The year 1966 was a year of progress for your Company. Financial results were encouraging. New ventures were undertaken to meet the rapidly growing service requirements of our customers and to achieve economies so essential to keeping service rates low and maintaining the profitability of our business.

Earnings per share of common stock continued their upward trend, increasing 8 per cent to \$2.07 from \$1.92 in 1965. Operating economies and a sustained high level of business activity were important factors in this increase.

Major technological advances have been made in the electric and gas utility industries within the span of a few short years—atomic power generation, extra high voltage transmission, mine-mouth generating stations, pumped-storage, electronic computers, and the use of straight natural gas. We have kept abreast of these innovations and are making significant contributions to their development.

Your Company's forward looking plans for expansion, calling for the investment of \$800 million over the next five years, are geared to the continuing growth of Southeast Pennsylvania. We are fully sensible of our responsibilities to serve this important area well.

Robert L. C. C. C.
Chairman of the Board

R. F. C. C.
President



HIGHLIGHTS

Earnings for common stock rose to \$2.07 a share from \$1.92 in 1965.

Revenue increased to a record \$358 million.

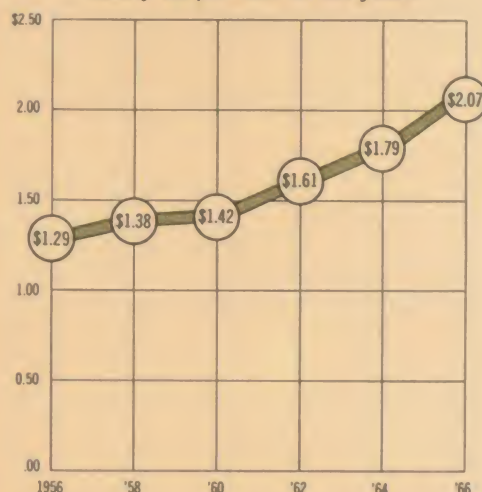
P. E. and three neighboring utilities announced plans to build two jointly owned atomic power plants.

Financing needs were met by the sale of \$40,625,000 of First and Refunding Mortgage Bonds and additional bank loans.

The residential electric heating rate was reduced by one-third, effective in June.

EARNINGS GROW

Earnings per share have increased nearly 61 per cent in ten years



FINANCIAL FACTS IN BRIEF

(Thousands of Dollars)

	1966	1965	Increase or (Decrease)	Per Cent Increase or (Decrease)
REVENUE				
Operating Revenue	\$357,864	\$340,881	\$16,983	5.0
Other Income	500	749	(249)	(33.2)
	<u>358,364</u>	<u>341,630</u>	<u>16,734</u>	<u>4.9</u>
OPERATING EXPENSES including Maintenance, Depreciation, and Taxes				
	<u>276,360</u>	<u>263,286</u>	<u>13,074</u>	<u>5.0</u>
GROSS INCOME	82,004	78,344	3,660	4.7
INCOME DEDUCTIONS —interest on bonds and other charges against income, less a credit for interest charged to construction				
	<u>21,113</u>	<u>21,841</u>	<u>(728)</u>	<u>(3.3)</u>
NET INCOME	60,891	56,503	4,388	7.8
DIVIDENDS ON PREFERRED STOCKS	<u>.3,696</u>	<u>3,696</u>	<u>—</u>	<u>—</u>
EARNINGS AVAILABLE FOR COMMON STOCK				
	57,195	52,807	4,388	8.3
DIVIDENDS ON COMMON STOCK	<u>40,715</u>	<u>39,615</u>	<u>1,100</u>	<u>2.8</u>
EARNINGS RETAINED FOR USE IN THE BUSINESS				
	<u>\$16,480</u>	<u>\$13,192</u>	<u>\$3,288</u>	<u>24.9</u>
SHARES OF COMMON STOCK				
OUTSTANDING—December 31	27,649,447	27,510,331	139,116	0.5
EARNINGS PER SHARE —December 31 ...	\$2.07	\$1.92	\$0.15	7.8
DIVIDENDS PAID PER SHARE	\$1.48	\$1.44	\$0.04	2.8

REVENUE INCREASES

Total operating revenue reached \$358 million in 1966, with an increase of \$17 million over the previous year. New customers, greater average use per customer, and favorable business conditions were responsible for gains in all classes of service.

Aided by growth in cooling loads during the summer months, revenue from sales of electricity rose 5 per cent to \$288 million. This increase would have been somewhat higher, except for rate reductions which became effective in 1965 and 1966.

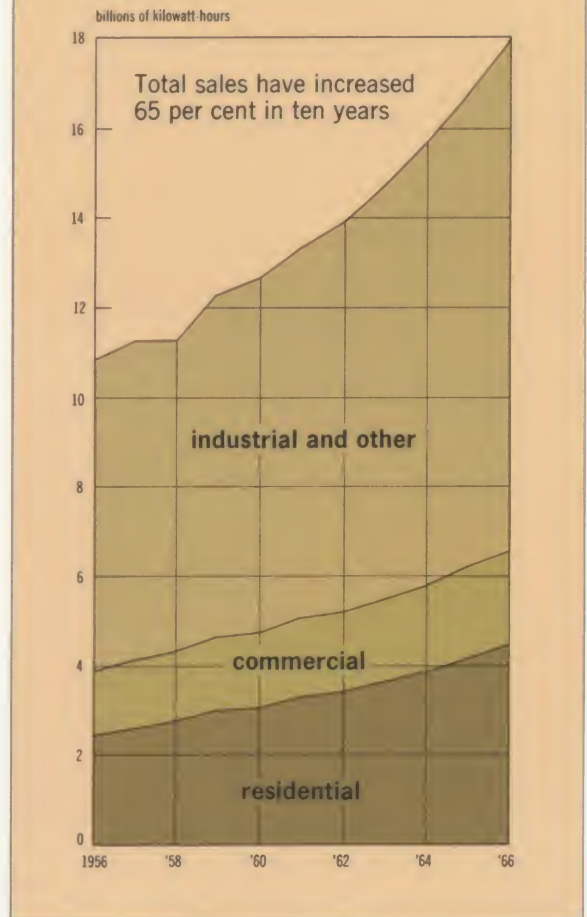
Greater use of electricity in the home continues to provide steady growth. Revenue from residential sales rose to \$105 million and amounted to 36 per cent of total electric revenue. A high level of industrial production and the addition of new customers accounted for a 6 per cent gain in revenue from large commercial and industrial power users.

Gas revenue, representing 17 per cent of total revenue, increased 5 per cent to \$62 million. Nearly half of this \$3-million increase came from residential heating loads. Steam revenue rose to \$8 million, up 4 per cent from 1965.

New indoor shopping mall at Plymouth Meeting



ELECTRIC SALES RISE



MARKETING

During 1966, all phases of marketing—research, advertising, promotion, and sales—were directed toward specific objectives in the industrial, commercial, and residential markets. Continuing studies of market potential, saturation, and customer preference identified profitable market areas.

Industrial Sales

New contracts for electricity totaled \$12.6 million in annual revenue, including one with a major steel company for more than \$1.7 million. Contracts for new gas load totaled \$2.4 million. One, with a paper manufacturer, will ultimately account for more than \$1 million in annual gas revenue. Adding substantially to the Company's industrial load are new



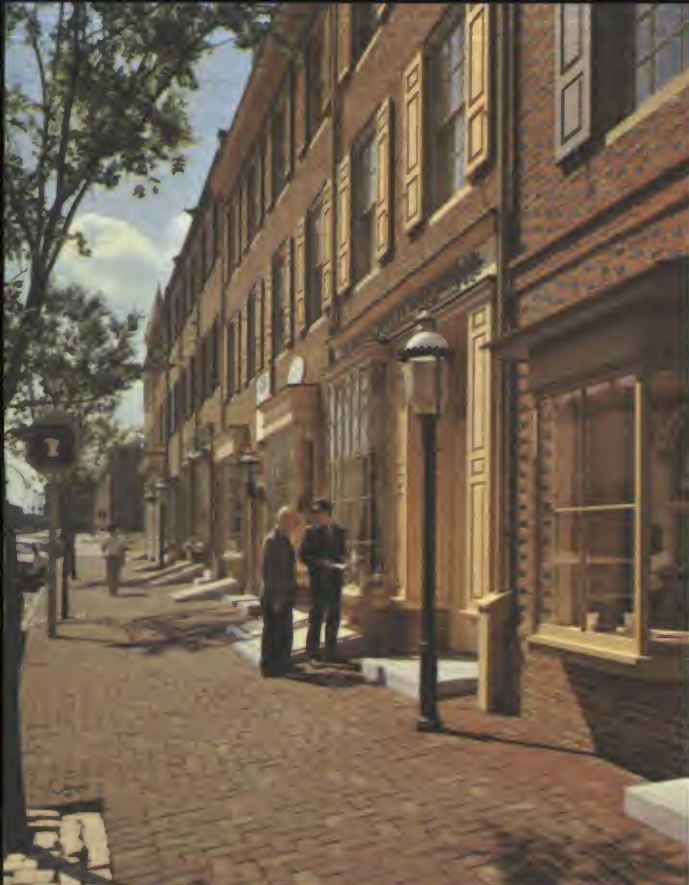
Fort Washington industrial plant supplied with Total PECO Energy



Growing City Line commercial complex

New Plymouth Meeting shopping center





Restored buildings in Head House Square

techniques in high quality steelmaking, the location of satellite plants adjacent to basic suppliers, and the greater application of energy to increase production.

Total PECO Energy Program

Philadelphia Electric's *Total PECO Energy Program*, which calls for the exclusive use of the Company's electricity, gas, or steam, was promoted aggressively in 1966.

All-Electric and *Total PECO Energy Programs* in the large commercial market paved the way for sales to shopping centers, apartment houses, motels, office buildings, hospitals, nursing homes, retirement villages, and manufacturing plants. In the residential market, the Company's policy of installing electric lines underground in the same trench with its gas lines has stimulated the acceptance of the *Total PECO Energy* idea by home builders and developers of garden-type apartments. This has resulted in greater use of gas for cooking, water heating, and space heating in the Company's gas territory.

NEW LOOK BLENDS WITH THE OLD

Head House Square, in Philadelphia's Society Hill section, has a different twist to its facelifting. The facelifting is not being done to make the area look younger. Rather, it accentuates the colonial antiquity and historic charm of the neighborhood.

The restored buildings in Head House Square, wearing an outward appearance of colonial serenity, are undergoing an exciting electrical transformation indoors. In six of the eight buildings now restored, efficient electric space heating and air conditioning units are making their contribution to modern, comfortable working conditions. These units, unobtrusively installed to preserve authentic decor, in no way detract from the nostalgic charm of a bygone era.

Part of Philadelphia's redevelopment program, Head House Square is but one of many areas where Philadelphia Electric Company is offering its services to help commercial customers Work Better Electrically.

Space Heating

Space heating, both electric and gas, offers tremendous load-building potential.

An electric space heating promotional program was launched last June with the largest concentration of advertising ever used by the Company in a four-month period. This campaign was specifically designed to announce a one-third reduction in the residential electric heating rate and to make customers aware of the benefits of electric space heating. This reduced rate, which became effective June 16, makes electric heat more competitive with other fuel systems. In 1966, revenue from 1063 electric heating customers amounted to \$296,000. By 1980, it is expected that a minimum of 75,000 individually metered electric house heating installations will account for approximately \$27 million in annual revenue.

A residential gas heating promotion using newspaper and direct mail advertising increased gas heater sales to a level substantially above that of the comparable period in 1965.

MODERN ELECTRIC SPACE HEATING is increasingly popular with builders of new homes, apartments, and motels. Its comfort, convenience, and cleanliness make it equally attractive for use in commercial and industrial construction.



New home and motor inn



New apartment houses



Area Development

Industry is widely diversified in Southeast Pennsylvania, and Philadelphia Electric benefits from this "industrial mix." Typical of the area's pace of development is the rapid expansion taking place in the aerospace industry. Under construction is the world's most advanced wind tunnel, part of a multimillion-dollar complex for an aircraft manufacturer. Thirteen new research buildings are planned for an already-huge space technology center.

The Company directly assists businesses in planning plant expansion, relocation, or construction and it plays a key role in attracting new industries. It presently lists for development more than 500 privately owned industrial sites with over 33,000 acres of suitably zoned land. Many of these tracts are advantageously situated in the 64 modern industrial parks now operating throughout the area. Southeast Pennsylvania has great potential for future growth.

EXPENSES RISE

Total operating expenses amounted to \$276 million in 1966, an increase of \$13 million, which was largely the result of greater power production.

Labor expense was higher, reflecting a 3.5 per cent general wage increase which became effective August 1. The provision for depreciation rose 2 per cent because new plant and equipment was placed in service. Total taxes rose 5 per cent, reflecting additional taxable income and the higher Social Security tax.

LOAD GROWTH

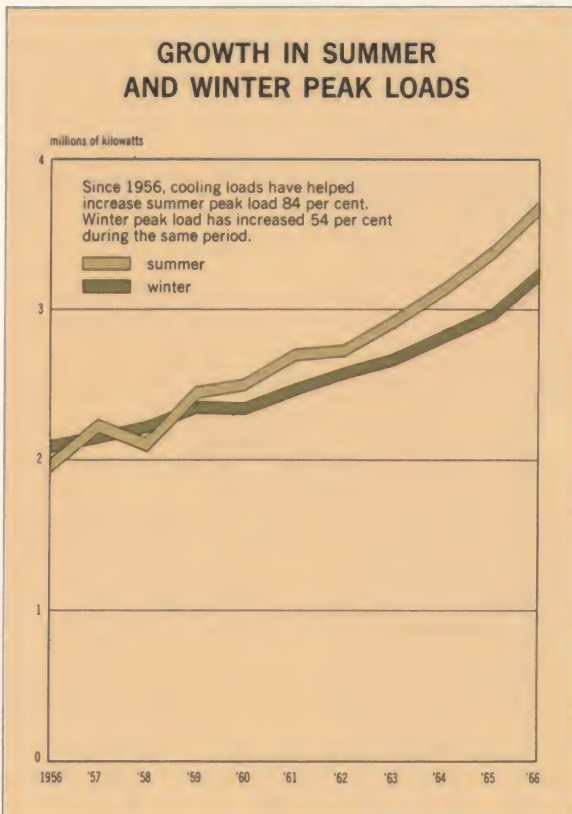
Output of electricity showed a substantial 8 per cent increase, rising to 19.3 billion kilowatt-hours. Steam power generation accounted for 83 per cent of this total and hydro production at Conowingo furnished 7 per cent. The remaining 10 per cent came from power interchanges with other utilities. Conowingo hydro output was below normal for the sixth successive year, as a result of continued drought in the Susquehanna River watershed.

Several new records in system peak load were set in June and July during a period of abnormally hot weather, which caused heavy use of air conditioning and other cooling equipment. A record hourly peak demand of 3,673,000 kilowatts on June 28 was 9 per cent above the previous year's high. A new high in daily output, amounting to 74.1 million kilowatt-hours was recorded on July 13.

Gas sendout for the year increased 5 per cent to 57 billion cubic feet. A record daily sendout of 280 million cubic feet on January 28, 1966 was 11 per cent greater than the previous high recorded in 1962.

Steam production rose 4 per cent to 7.2 billion pounds. A record demand of 2,029,000 pounds an hour was supplied on January 31, 1966.

GROWTH IN SUMMER AND WINTER PEAK LOADS



OPERATING IMPROVEMENTS

Recent advances in the development of insulated tools and mechanized equipment now make it possible for transmission line crews to work on energized high voltage lines. "Live" line maintenance is simpler and less costly, because it can be performed during regular hours. Previously, maintenance work was limited to off-peak periods when lines could be released from service.

The conversion of portions of the distribution system from 4000 volts to 13,000 volts is moving ahead. This program provides for load growth at minimum cost, including significant reductions in requirements for new substations. In conjunction with this conversion, the appearance of overhead facilities is being improved with the installation of streamlined, sky-gray line equipment.

The first completely underground distribution substation on the Company system was placed in service early in 1966. Under a landscaped mall in a historic section of downtown Philadelphia, this facility transforms power at 13,200 volts for distribution at 2400 volts. The



Linemen in training

substation is so well hidden underground that the area presents a park-like appearance to the pedestrian.

OPERATING EXPENSES

(Thousands of Dollars)

	<u>1966</u>	<u>1965</u>	<u>Increase or (Decrease)</u>	<u>Per Cent Increase or (Decrease)</u>
Operating Labor	\$ 76,085	\$ 73,337	\$ 2,748	3.7
Fuel Used in All Operations, including Net Energy Interchanged	86,530	77,066	9,464	12.3
Other Materials, Supplies, and Services ..	<u>24,796</u>	<u>27,124</u>	<u>(2,328)</u>	<u>(8.6)</u>
Total Operating and Maintenance Expense	187,411	177,527	9,884	5.6
Depreciation and Amortization	38,949	38,037	912	2.4
Taxes	<u>50,000</u>	<u>47,722</u>	<u>2,278</u>	<u>4.8</u>
Total Operating Expenses	<u>\$276,360</u>	<u>\$263,286</u>	<u>\$13,074</u>	<u>5.0</u>



Intake structures for upper reservoir at Muddy Run

MUDDY RUN PROJECT

Construction of the Muddy Run pumped-storage hydroelectric plant is progressing on an accelerated schedule. The large earth and rock dam, the intake canal, shafts, and tunnels are virtually complete. The installation of major powerhouse equipment is well advanced, with operation of the first four 100,000-kilowatt generating units planned for June 1967. When the remaining four units are placed in service by the end of the year, the plant will have a total capability of 800,000 kilowatts.

With Conowingo Lake as a lower reservoir, Muddy Run, in conjunction with the Conowingo hydro plant, twelve miles downstream, will make fuller use of the water flow in the

Susquehanna River. At night and on weekends, when demand for electricity is low, Muddy Run's combination pump-generators will pump water from the Susquehanna to the plant's upper reservoir some 400 feet above the powerhouse, using low-cost off-peak power from steam plants elsewhere that would otherwise be running at less than full capacity. When demand for power rises, the water will be released from the reservoir through tunnels to the powerhouse, where the pump-generators will be reversed to generate electricity at a cost less than that at which it could otherwise be produced.

Thus, Muddy Run will be a ready source of economical power during periods of high demand.



Construction moves ahead at Keystone generating station

MINE-MOUTH POWER

Overall construction of the Keystone mine-mouth power plant in the coal fields near Johnstown, Pa., is well past the halfway mark. Erection of the boiler for the No. 1 unit, scheduled for service in July 1967, is 85 per cent complete. Operation of the second unit is planned for the summer of 1968. The combined generating capability of the two units will be 1,800,000 kilowatts.

Keystone will be jointly owned by Philadelphia Electric and six other utilities in the Pennsylvania-New Jersey-Maryland Interconnection. Philadelphia Electric has an approximate one-fifth interest in the plant, equivalent to 378,000 kilowatts of the station's capacity. Work is moving ahead on the 500,000-volt

transmission lines and on the Peach Bottom and Whitpain substations needed to carry and distribute Keystone's power in the Philadelphia area.

Test borings are being made at the site of the Conemaugh generating station, a second jointly owned mine-mouth power plant to be built in the Johnstown area. Philadelphia Electric's participation in the ownership of this plant will be on the same basis as its interest in Keystone. Largely a twin of Keystone, Conemaugh will likewise have two 900,000-kilowatt turbine-generators. The first is scheduled for service in 1970, the second in 1971.

Both the Keystone and Conemaugh plants will offer the dual economies of large generating units and low-cost coal.

ENGINEERING AND RESEARCH

Recognizing the steadily increasing need for higher capacity power transmission facilities and the decreasing availability of suitable corridors for aerial lines, Philadelphia Electric has long pioneered in the development of high voltage underground cables. Company engineers have contributed much of the initial planning for a multimillion-dollar research project recently announced by the Electric Research Council.

This coordinating agency, which represents all components of the electric utility industry, will sponsor scientific studies of the use of new materials and techniques that will initially permit underground transmission of power up to 500,000 volts and, ultimately, up to 750,000

volts. Revolutionary concepts will be explored, including the use of nonconductive gases and the application of refrigerants to underground cable. Philadelphia Electric is a leading supporter of this project, which is planned for completion in 1970.

D-C Transmission Project

The Company is also playing an active part in the operation of a special research laboratory established on the campus of the University of Pennsylvania by the Edison Electric Institute. The purpose of this \$2-million project, financed by a number of investor-owned utilities, is to determine how direct current lines may be operated in parallel with alternating current lines to transmit power. A Philadelphia Electric engineer is the project manager.

Direct current research laboratory





Sub-zero test on pipe coatings

Environmental Test Chamber

A walk-in type of environmental test chamber has been used by the Company since early 1966 to test materials and equipment under all temperature and humidity conditions encountered in its service area. Temperature can be held at any point from minus 5 degrees to 160 degrees Fahrenheit, and relative humidity can be controlled over a wide range of temperatures. The chamber has already been useful in evaluating the capability of electric batteries, pipe coatings, and insulating materials to withstand extreme cold, heat, and humidity.

Fly Ash

The utilization of fly ash, formerly a waste product from boilers fired with pulverized coal, has increased considerably as a result of joint research projects undertaken with a local cement manufacturer over the past several years. Fly ash is a powder-like material that can be converted into lightweight pellets and substituted for gravel in concrete mixtures. With the development of a commercially available product, which is gaining wide acceptance as a highway road base material, more than 50,000 tons of the fly ash produced in 1966 were constructively put to use.



Peach Bottom control room

ATOMIC ENERGY

The helium-cooled reactor at the Peach Bottom atomic power station was loaded with nuclear fuel early in 1966 after permission for low power operation was granted by the Atomic Energy Commission. On the basis of extensive safety tests, the AEC advisory committee on reactor safeguards approved full power operation. Output at the station is being brought up to the plant's full electrical capability of 40,000 kilowatts.

Fifty-two investor-owned utilities joined Philadelphia Electric in building the Peach Bottom plant as a prototype to provide technical data needed to build economical nuclear plants of this type in larger size. The Atomic Energy Commission assisted in research and development work on the reactor system. The plant will be owned and operated by Philadelphia Electric Company.

Jointly Owned Plants

Engineering is in progress on two nuclear generating stations to be jointly owned by Philadelphia Electric, Public Service Electric and Gas Company of New Jersey, Delmarva Power and Light Company, and Atlantic City Electric Company. One plant will be built on the



Massive transformer heads for Peach Bottom substation

Philadelphia Electric system adjacent to the present Peach Bottom atomic power station in York County, Pa. The other plant will be built in Public Service territory in Burlington, New Jersey, next to an existing coal burning generating station.

The new Peach Bottom plant will house a General Electric boiling water reactor with a capability in excess of one million kilowatts. Construction will start in 1967, with a service date of March 1971. The Burlington plant will have a Westinghouse pressurized water reactor with a capability of almost one million kilowatts scheduled for operation in 1971. The cost of each plant will exceed \$100 million.

An additional nuclear generating unit, with a capability of more than one million kilowatts, will be installed at the Peach Bottom site for operation in 1973.

CONSTRUCTION PROGRAM

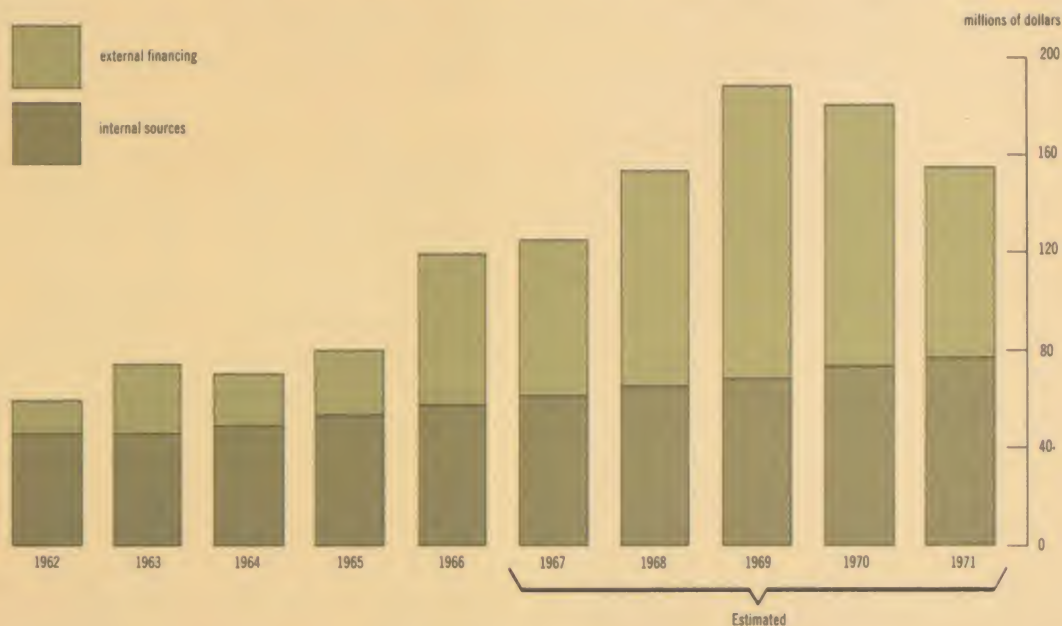
Capital expenditures for new construction and plant modernization amounted to \$119 million in 1966. Of this total, \$106 million, or 89 per cent, covered additions and improvements to the electric system. Included were major outlays for the Muddy Run pumped-storage project and the Company's share in the construction of the Keystone mine-mouth plant.

Gas system expenditures totaled \$11 million, mostly for mains and services to supply new customers. Steam system expenditures amounted to \$2 million.

Additional plant investment in 1967 is expected to reach \$125 million. To meet growing demands for service over the next five years, 1967-1971, capital outlays of approximately \$800 million are planned, compared with \$400 million during the past five years.

P.E. CONSTRUCTION PROGRAM

Keeps pace with the growing energy needs of Southeast Pennsylvania



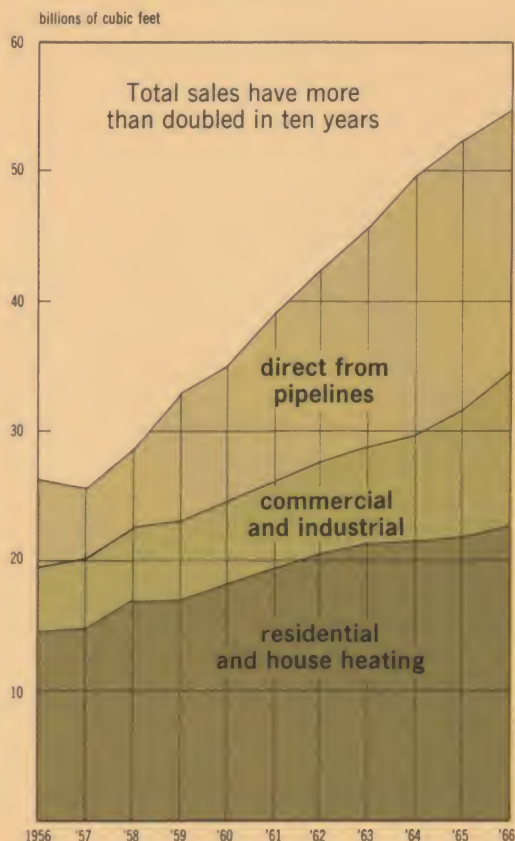
FINANCING

Nearly half of the funds required for capital additions in 1966 came from internal sources, mainly depreciation accruals and retained earnings. The remainder was provided by the private placement of \$40,625,000 of short-term serial mortgage bonds maturing in the years 1968-1973 with a limited number of institutional investors, by bank loans, and by the sale of 139,116 shares of common stock to employees and annuitants through the 1966 Employee Stock Purchase Plan.

An uninterrupted supply of capital funds is essential in carrying forward the Company's expansion program. However, recent economic conditions have created a scarcity of investment capital which during the last half of 1966 raised interest rates to the highest levels in forty years. This tight money



GAS SALES INCREASE



situation has demonstrated the need for flexibility in the timing of permanent financing to obtain advantageous long-term money costs. Accordingly, the Company in 1966 sold the short-term bonds, mentioned above, to avoid long-term financial commitments at unfavorably high interest rates. This was a new development in utility financing that has attracted considerable interest.

Internal sources will provide about 45 per cent of the funds needed for capital expansion in 1967. In addition, \$65 million will be required to refund the 2¾ per cent bonds maturing in November. Tentative financing plans include two issues of bonds in such amounts as conditions in the financial market warrant.



GAS OPERATIONS

Supervisory control and data logging equipment was placed in full operation during 1966 at the new gas system control center at King of Prussia. By means of telemetered signals, this computerized system records the flow, pressure, and temperature of natural gas received from major pipelines at ten "gate stations" throughout the Company's territory. Current information on pipeline purchases, gas sendout, and operating conditions is constantly available. Five unattended gate stations can be remotely operated from the center with better coordination and at lower cost than if the stations were manned.

Completion of the new control headquarters marked another step in realizing econo-



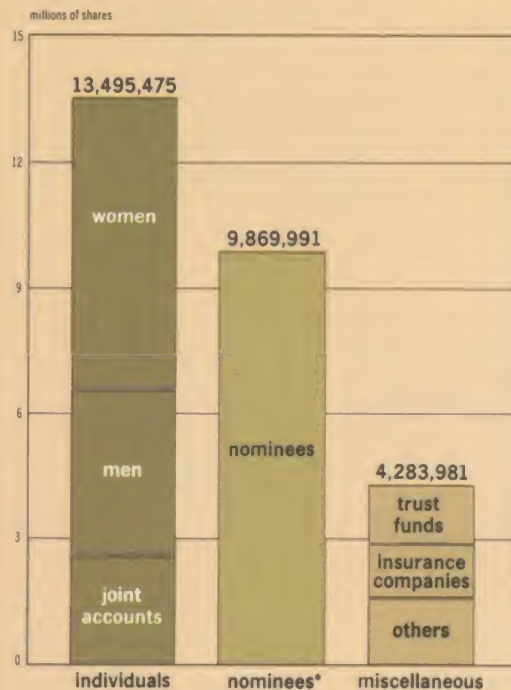
New headquarters for gas system at King of Prussia

mies made possible by converting the gas system to straight natural gas. Much obsolete production equipment at the West Conshohocken and Chester gas plants has been retired. Various methods of providing peaking capacity are presently being studied to determine how ever-growing demands on the gas system can best be met.

Plastic pipe is being widely used for mains and services in the low and medium pressure systems. The use of lightweight plastic in place of metal offers substantial savings in initial material and installation costs. Because of resistance to corrosion, plastic pipe should also have much longer life. During 1966, approximately 420,000 feet of plastic mains and services were installed.

COMMON STOCK OWNERSHIP

Individuals own about half of the common shares



*Holders of record for benefit of many thousands of individuals

DIVERSIFIED STOCK OWNERSHIP

Investment in Philadelphia Electric's common and preferred stocks is shared by 110,026 stockholders, a wider distribution than ever before. Shareowners reside throughout the United States and in foreign countries. About half live within the Company's service area.

Of the 102,632 common stockholders, 90 per cent are individuals, and half of these are women. Aside from trust funds or institutional holders, which represent the interests of many thousands of people, no stockholder of record owns as much as 1 per cent of the common stock. More than 65 per cent of the Company's employees are now stockholders, largely as a result of stock offerings made through stock purchase plans in recent years.



*Experienced employees are essential
to efficient operations*



MANAGEMENT AND PERSONNEL

At a regular meeting of the board of directors on February 28, 1966, William W. Hagerty, president of Drexel Institute of Technology, and Paul R. Kaiser, president of Tasty Baking Company, were elected directors to fill the vacancies caused by the resignation of Edward J. Dwyer and the death of H. Nedwill Ramsey.

At the same meeting of the board, James H. Harlow, vice-president in charge of engineering and research, was named vice-president and executive engineer. J. Lee Everett, manager of engineering and research, was elected vice-president in charge of engineering and research to succeed Mr. Harlow.

On December 19, 1967, John H. Austin, Jr., manager of the financial division of the finance and accounting department, was appointed comptroller of the Company.

On January 23, 1967, Milton I. Allen, vice-president in charge of sales, died suddenly after thirty-eight years of service with the Company. A vice-president since 1956, Mr. Allen was an active member of numerous sales groups in the electric utility industry and was respected as an energetic leader in area development organizations promoting Southeast Pennsylvania.

On January 30, 1967, John M. Warner, purchasing agent of the Company, was elected vice-president in charge of sales.

Essential to the successful operation of the Company is the service-mindedness of its employees. High employment standards and progressive personnel policies have been important factors in creating a working environment conducive to good performance and long service. Nearly half of all Philadelphia Electric employees have been with the Company fifteen years or more. One employee in every five is a member of the Quarter Century Club.

PUBLIC RELATIONS

The Company's reputation as a supplier of dependable utility services at reasonable rates has been established by proven performance over the years. Contributing in no small way to its stature in the eyes of the public has been Philadelphia Electric's continued and active support of civic projects designed to promote growth and progress in Southeast Pennsylvania.

Institutional Advertising

"Southeast Pennsylvania Has It!" is the keynote of a new national advertising campaign initiated by the Company in 1965 to attract new business and industry to this area. This program was expanded in 1966 to increase the size and frequency of the advertisements, and to add color to an already distinctive format.

Within its service area, advertising in local newspapers and magazines has always been an important means of communication. Through effective use of this medium, the Company endeavors to keep its customers and the general public informed of operating improvements, the usefulness of its services, and plans for future expansion.

Atomic Information Center

Nearly a quarter-million visitors have been welcomed at the popular atomic information center opened at the site of the Peach Bottom atomic power station in 1963. Of particular interest have been the illustrated talks and automated exhibits describing the peaceful use of the atom and the operation of the Peach Bottom plant. School groups have found the center to be of great educational value. Special tours have been arranged for them with stopovers at the nearby Conowingo hydroelectric plant.



Friendly service to customers builds goodwill

Boating is popular on the Susquehanna River





Power

At Philadelphia Electric, we like to stay 'way ahead of demand. We have earmarked \$693 million for expansion up to 1970. In 1966, we'll spend \$135 million. New sources of power like mine-mouth plants and pumped storage generation are being built. Next year electricity will flow from our new atomic power generating plant at Peach Bottom.



Ports

One of the largest on any coast is in Philadelphia. Sister-ports are in places nearby like Camden, Gloucester, Trenton, Chester, Marcus Hook, Wilmington. Over their piers, in and out of their storage bins and tanks passes cargo exceeding 100,000,000 tons a year. And there's a nine-figure basic port improvement push under way.



Ph D's

More and more indispensable in industry. More and more in evidence in Southeast Pennsylvania. They graduate by the hundreds from highly-regarded scientific and liberal arts institutions every year here. And they like Southeast Pennsylvania's concentration of research facilities.

Southeast Pennsylvania has it!

PHILADELPHIA ELECTRIC COMPANY
An investor-owned company serving Southeast Pennsylvania

National advertisement promoting Philadelphia Electric's service area

Recreation

In the vicinity of the Conowingo hydroelectric plant, the Company is planning major improvements in recreational facilities that will include the construction of a two-level shelter and an enlarged visitors' area below the powerhouse. Above the dam, a new boat launching ramp with loading dock and parking space will add to the public enjoyment of this area as a popular spot for fishing, boating, and picnicking.

Twelve miles above Conowingo, the Muddy Run pumped-storage site offers great promise for recreational development. Behind a second dam at the head of the upper reservoir, a constant-level lake of nearly 100 acres is being created for public use. A 500-acre game preserve will be developed in cooperation with

the Pennsylvania Game Commission. Conservation of the great natural beauty of the Susquehanna River valley has been the policy of the Company ever since the Conowingo hydroelectric project was undertaken in 1926.

Public Power Opposed

Federal encroachment in the power business is a continuing concern of the nation's investor-owned utilities. Not only does the extension of public power threaten the investment of millions of the nation's investors, it constitutes an unnecessary expenditure of tax money where investor-owned companies are already operating with remarkable economy and general public approval. On behalf of its stockholders, Philadelphia Electric opposes the expansion of the government's role in the production and distribution of electricity.





THE 1966 REVENUE DOLLAR

This is where
the revenue dollar
came from ...

ELECTRIC

30.7¢	Large commercial and industrial sales
29.2¢	Residential sales
14.8¢	Small commercial and industrial sales
5.6¢	Other electric

GAS

11.2¢	Residential and house heating sales
4.2¢	Large commercial and industrial sales (including pipelines)
1.9¢	Other gas

STEAM

2.4¢	Steam and other income
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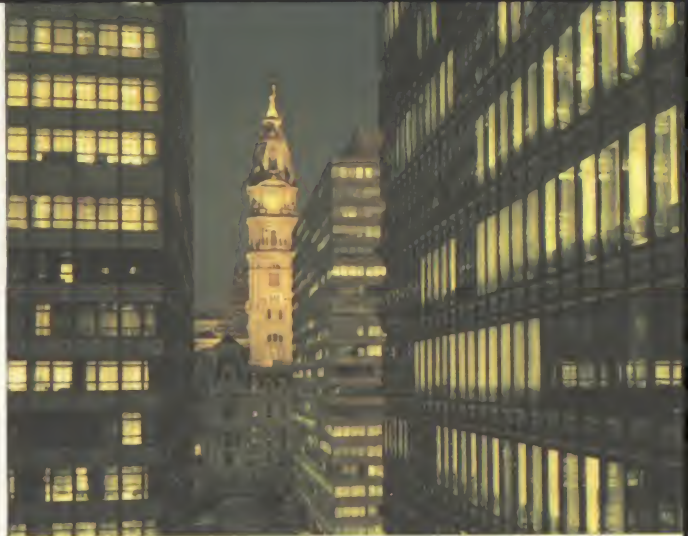
... and this is where
the revenue dollar
went ...

24.1¢	Fuel
21.2¢	Labor
14.0¢	Federal, state, and local taxes
11.4¢	Common stock dividends
10.9¢	Depreciation of plant and equipment
6.9¢	Other materials, supplies, and services
6.9¢	Interest on bonds, preferred stock dividends, and other fixed charges
4.6¢	Retained earnings

Philadelphia Electric Company and Subsidiary Companies Consolidated Statement of Source and Application of Funds

For the Year Ended December 31

	1966	1965
	(Thousands of Dollars)	
SOURCE OF FUNDS		
Net Income	\$ 60,891	\$56,503
Less: Dividends on Preferred and Common Stock	44,411	43,311
Earnings Retained, after dividends	16,480	13,192
Noncash Charges to Income		
Depreciation and Amortization of Utility Plant	38,949	38,037
Investment Tax Credit Adjustments	1,199	1,256
Prepaid Pension Plan Costs, net of related income taxes ..	—	1,887
Sale of:		
Long-Term Debt	40,625	25,000
Common Stock	3,993	—
Temporary Investments	479	3,260
Increase or (Decrease) in Bank Loans	21,825	(9,100)
Net Amounts Received for Antitrust Price Adjustments	2,513	6,395
	<u>\$126,063</u>	<u>\$79,927</u>
APPLICATION OF FUNDS		
Additions to Utility Plant	\$119,301	\$79,710
Sinking Fund Payments on Long-Term Debt	1,579	2,193
Change in Accrued Federal Income Taxes	5,245	(2,421)
Other, net	(62)	445
	<u>\$126,063</u>	<u>\$79,927</u>



Consolidated Statement of Income

	For the Year Ended December 31	
	1966	1965
	(Thousands of Dollars)	
OPERATING REVENUE		
Electric	\$287,849	\$274,116
Gas	61,915	58,942
Steam	8,100	7,823
Total Operating Revenue	<u>357,864</u>	<u>340,881</u>
OPERATING EXPENSES		
Operation	158,011	147,811
Maintenance	29,400	29,716
Total Operation and Maintenance	<u>187,411</u>	<u>177,527</u>
Provision for Depreciation and Amortization	<u>38,949</u>	<u>38,037</u>
Provision for Taxes		
Federal Income Taxes	33,591	32,598
State Income Taxes	4,173	4,069
Income Taxes Deferred in Prior Years	(818)	(818)
Investment Tax Credit Adjustments	1,199	1,256
Taxes, Other than Income	11,855	10,617
Total Provision for Taxes	<u>50,000</u>	<u>47,722</u>
Total Operating Expenses	<u>276,360</u>	<u>263,286</u>
OPERATING INCOME	81,504	77,595
OTHER INCOME	<u>500</u>	<u>749</u>
GROSS INCOME	<u>82,004</u>	<u>78,344</u>
INCOME DEDUCTIONS		
Interest on Long-Term Debt	22,882	22,257
Interest on Short-Term Debt	1,310	269
Other Deductions	814	847
Interest Charged to Construction	(3,893)	(1,532)
Total Income Deductions	<u>21,113</u>	<u>21,841</u>
NET INCOME	<u>\$ 60,891</u>	<u>\$ 56,503</u>

The accompanying Notes and Schedules to Financial Statements are an integral part of this statement.



Philadelphia Electric Company and Subsidiary Companies

Assets

UTILITY PLANT, at original cost

	December 31	
	1966	1965
	(Thousands of Dollars)	
Electric	\$1,408,192	\$1,315,597
Gas	174,454	164,714
Steam	29,628	27,662
Common, used in all services	45,379	45,419
	<u>1,657,653</u>	<u>1,553,392</u>
Less: Accumulated Provision for Depreciation	428,943	402,506
	<u>1,228,710</u>	<u>1,150,886</u>

INVESTMENTS

Nonutility Property	1,184	1,016
Antitrust Price Adjustments	5,024	6,932
(Noncurrent portion, receivable in installments to 1971)		
Other Investments, at cost	1,947	1,788
	<u>8,155</u>	<u>9,736</u>

CURRENT ASSETS

Cash	9,378	10,762
Special Deposits	2,900	3,476
Temporary Cash Investments	1,242	1,721
Accounts Receivable		
Utility Customers	22,342	21,116
Merchandising and Jobbing	7,799	6,870
Other	4,079	3,816
Materials and Supplies, at average cost		
Operating and Construction	13,801	12,359
Fuel	7,725	8,134
Merchandise for Sale	880	913
Prepayments	1,331	1,687
	<u>71,477</u>	<u>70,854</u>

DEFERRED DEBITS

Unamortized Debt Discount and Expense	2,367	2,390
Cost of Conversion of Gas Appliances	1,222	1,500
(Being amortized over periods ending in 1967 and 1973)		
Other	1,705	1,049
	<u>5,294</u>	<u>4,939</u>
TOTAL	<u>\$1,313,636</u>	<u>\$1,236,415</u>

The accompanying Notes and Schedules to Financial

Consolidated Balance Sheet



Liabilities

CAPITALIZATION

Stockholders' Equity

	1966	1965
Preferred Stock—See Schedule, page 29	\$ 87,472	\$ 87,472
Premium on Preferred Stock	1,214	1,214
Common Stock—See Schedule, page 29	260,251	256,258
Earnings Retained for Use in the Business	199,054	182,574

Long-Term Debt—See Schedule, page 29	547,991	527,518
	651,302	612,925
	<u>1,199,293</u>	<u>1,140,443</u>

CURRENT LIABILITIES

Sinking Fund Payments, due within one year	1,471	987
Bank Loans	32,275	10,450
Accounts Payable	15,638	15,133
Customers' Deposits	2,354	2,369
Taxes Accrued		
Federal Income	10,295	15,540
Other	3,389	3,449
Interest Accrued	6,041	5,373
Dividends Declared	2,936	2,334
Tax Collections Payable	2,204	3,075
Other	328	204
	<u>76,931</u>	<u>58,914</u>

DEFERRED CREDITS

Unamortized Premium on Debt	245	280
Accumulated Deferred Income Taxes	16,346	17,164
Accumulated Deferred Investment Tax Credits	6,641	5,442
Other	599	740
	<u>23,831</u>	<u>23,626</u>

OPERATING RESERVES	<u>3,020</u>	<u>3,230</u>
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CONTRIBUTIONS IN AID OF CONSTRUCTION	<u>10,561</u>	<u>10,202</u>
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TOTAL	<u>\$1,313,636</u>	<u>\$1,236,415</u>
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Statements are an integral part of this statement.

Consolidated Statement of Earnings Retained for Use in the Business

	For the Year Ended December 31	
	1966	1965
	(Thousands of Dollars)	
BALANCE, JANUARY 1	\$182,574	\$169,382
ADD—Net Income	60,891	56,503
	<u>243,465</u>	<u>225,885</u>
DEDUCT		
Cash Dividends Declared		
\$4.68 per share on 4.68% Preferred Stock	702	702
\$4.40 per share on 4.4% Preferred Stock	1,209	1,209
\$4.30 per share on 4.3% Preferred Stock	645	645
\$3.80 per share on 3.8% Preferred Stock	1,140	1,140
\$1.48 per share in 1966 and \$1.44 per share in 1965 on Common Stock	40,715	39,615
	<u>44,411</u>	<u>43,311</u>
BALANCE, DECEMBER 31	<u>\$199,054</u>	<u>\$182,574</u>

The accompanying Notes and Schedules to Financial Statements are an integral part of this statement.

Lybrand, Ross Bros. & Montgomery

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors,
Philadelphia Electric Company,
Philadelphia, Pennsylvania.

We have examined the consolidated balance sheet of Philadelphia Electric Company and Subsidiary Companies as of December 31, 1966, the related statements of income and earnings retained for use in the business and the consolidated statement of source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the consolidated financial statements of the companies for the year 1965.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Philadelphia Electric Company and Subsidiary Companies at December 31, 1966 and 1965, and the results of their operations and the source and application of funds for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY

Philadelphia, Pennsylvania,
February 6, 1967.

Schedule of Preferred and Common Stock December 31, 1966

	Number of Shares		Amount (Thousands of Dollars)
	Authorized	Outstanding	
PHILADELPHIA ELECTRIC COMPANY			
Preferred Stock (\$100 par) cumulative			
4.68% Series	150,000	150,000	\$ 15,000
4.4% Series	500,000	274,720	27,472
4.3% Series	150,000	150,000	15,000
3.8% Series	300,000	300,000	30,000
Unclassified	400,000	—	—
Total Preferred Stock	1,500,000	874,720	\$ 87,472
Common Stock—no par	40,000,000	27,649,447	\$260,251

Schedule of Long-Term Debt December 31, 1966

PHILADELPHIA ELECTRIC COMPANY		(Thousands of Dollars)
First and Refunding Mortgage Bonds		
2¾ % Series due 1967 (To be refinanced November 1, 1967)		\$ 65,000
2¾ % Series due 1971		20,000
2¾ % Series due 1974		65,000
2⅞ % Series due 1978		25,000
2¾ % Series due 1981		30,000
3¼ % Series due 1982		35,000
3½ % Series due 1983		20,000
3½ % Series due 1985		50,000
4¾ % Series due 1986		50,000
4⅝ % Series due 1987		40,000
3¾ % Series due 1988		40,000
5% Series due 1989		50,000
4½ % Series due 1994		50,000
6% Series due 1968-73		40,625
		580,625
Sinking Fund Debentures		
4.85% Series due 1986		35,200
(Excludes \$800 for 1967 sinking fund payments, shown under current liabilities)		
Total Philadelphia Electric Company		615,825
PHILADELPHIA ELECTRIC POWER COMPANY— A WHOLLY OWNED SUBSIDIARY		
First Mortgage Bonds, 2⅝ % Series due 1975		10,477
(Excludes \$671 for 1967 sinking fund payments, shown under current liabilities)		
Sinking Fund Debentures, 4½ % due 1995		25,000
Total Long-Term Debt		\$651,302

Notes to Financial Statements

(Thousands of Dollars)

1. DEPRECIATION

Shorter property lives, as provided for in the Internal Revenue Service "Depreciation Guidelines," were used in computing depreciation for federal and state income tax accruals for 1966 and 1965. The resulting decrease in income taxes was substantially offset by additional book depreciation to provide for planned retirements of selected older equipment, principally in electric generating and gas production plants.

The Company is continuing the use of straight-line depreciation for book purposes and liberalized depreciation for income tax purposes, resulting in reduced taxes of \$5,830 for 1966 and \$6,077 for 1965, which flow through to net income in accordance with regulatory commission treatment for rate-making purposes.

2. INVESTMENT TAX CREDIT

Federal income tax expense reflects reductions of \$1,417 for 1966 and \$1,431 for 1965 on account of investment tax credits on new plant placed in service during these years. Such tax savings are spread over the composite service life of the related property, by making charges to income equivalent to the tax reductions and accumulating such amounts in a deferred account, which is subsequently amortized by credits to income. The total

investment tax credits realized to date aggregate \$7,270, of which \$218 was credited to income in 1966 and \$175 in 1965. These charges and credits to income are reflected in "Investment Tax Credit Adjustments," and the deferred balance is reflected in "Accumulated Deferred Investment Tax Credits."

3. ACCUMULATED DEFERRED INCOME TAXES

This item represents the balance of income taxes deferred on property subject to five-year amortization pursuant to certificates of necessity, which is being credited to income over the remaining life of the related property at the rate of \$818 per year.

4. PENSION PLAN

The Company has a noncontributory service annuity plan applicable to all regular employees. The annuities are determined under a formula which is applied uniformly to all employees regardless of position, and the amount depends on length of service and compensation earned prior to retirement. The annuities are paid out of an irrevocable trust fund, to which the Company makes annual contributions sufficient to meet actuarial requirements. Actuarial studies indicate that the requirement for past service cost is fully funded. Contributions aggregated \$5,400 for 1966 and \$5,000 for 1965, of which approximately 22 per cent associated with construction labor was included in the cost of new utility plant.

Fiscal Agents for Stocks and Bonds

PHILADELPHIA ELECTRIC COMPANY

Preferred and Common Stocks

Registrars

GIRARD TRUST BANK
Broad & Chestnut Streets, Philadelphia, Pa. 19101
CHEMICAL BANK NEW YORK TRUST CO.
20 Pine Street, New York, N.Y. 10015

Transfer Agents

PHILADELPHIA ELECTRIC COMPANY
1000 Chestnut Street, Philadelphia, Pa. 19105
MORGAN GUARANTY TRUST CO. of N.Y.
30 West Broadway, New York, N.Y. 10015

PHILADELPHIA ELECTRIC COMPANY—First and Refunding Mortgage Bonds PHILADELPHIA ELECTRIC POWER COMPANY (A Subsidiary)—First Mortgage Bonds

Trustee

FIDELITY-PHILADELPHIA TRUST CO.
Broad & Walnut Streets, Philadelphia, Pa. 19109

New York Agent

MORGAN GUARANTY TRUST CO. of N.Y.
23 Wall Street, New York, N.Y. 10015

PHILADELPHIA ELECTRIC COMPANY—Sinking Fund Debentures PHILADELPHIA ELECTRIC POWER COMPANY (A Subsidiary)—Sinking Fund Debentures

Trustee

THE PHILADELPHIA NATIONAL BANK
Broad & Chestnut Streets, Philadelphia, Pa. 19101

New York Agent

IRVING TRUST COMPANY
One Wall Street, New York, N.Y. 10015

All Philadelphia Electric Company securities, except the Sinking Fund Debentures and the First and Refunding Mortgage Bonds, 6% Series due 1968-1973, which were sold privately to institutional investors, are listed on the Philadelphia-Baltimore-Washington Stock Exchange and the New York Stock Exchange. Philadelphia Electric Power Company bonds and debentures are listed on the Philadelphia-Baltimore-Washington Stock Exchange.

Financial Statistics

SUMMARY OF EARNINGS (MILLIONS OF DOLLARS)

	1966	1965	1964	1963	1962	1961	1956
Operating Revenue (for details see page 32) ..	\$357.9	\$340.9	\$323.8	\$314.4	\$303.2	\$292.3	\$226.6
Operating Expenses							
Labor	76.1	73.3	70.4	67.5	63.4	60.5	44.6
Fuel	86.5	77.1	73.3	72.2	70.3	67.3	50.4
Other Materials, Supplies, and Services	24.8	27.1	25.0	24.4	21.4	21.1	15.5
Total Operating and Maintenance	187.4	177.5	168.7	164.1	155.1	148.9	110.5
Depreciation and Amortization	39.0	38.1	34.6	33.6	33.7	33.0	26.6
Taxes, including Provision for Deferred Taxes	50.0	47.7	47.0	47.7	47.7	45.2	44.7
Total Operating Expenses	276.4	263.3	250.3	245.4	236.5	227.1	181.8
Operating Income	81.5	77.6	73.5	69.0	66.7	65.2	44.8
Other Income	0.5	0.7	0.5	0.7	0.5	0.3	0.3
Gross Income	82.0	78.3	74.0	69.7	67.2	65.5	45.1
Income Deductions							
Long-Term Debt Charges	23.0	22.4	20.8	19.5	19.6	18.0	9.8
Interest on Short-Term Debt	1.3	0.2	1.1	0.8	0.1	0.8	0.3
Other	0.7	0.7	0.6	0.7	0.6	0.8	0.6
Interest Charged to Construction	(3.9)	(1.5)	(1.3)	(1.5)	(0.7)	(0.7)	(1.1)
Total Income Deductions	21.1	21.8	21.2	19.5	19.6	18.9	9.6
Net Income	60.9	56.5	52.8	50.2	47.6	46.6	35.5
Dividends on Preferred and \$1 Dividend							
Preference Common Stocks	3.7	3.7	3.7	3.7	3.7	3.8	3.9
Earnings for Common Stock	57.2	52.8	49.1	46.5	43.9	42.8	31.6
Dividends on Common Stock	40.7	39.6	36.3	35.2	32.7	32.1	22.0
Earnings Retained for Use in the Business	\$16.5	\$13.2	\$12.8	\$11.3	\$11.2	\$10.7	\$ 9.6
Earnings per Share (dollars)	\$2.07	\$1.92	\$1.79	\$1.69	\$1.61	\$1.57	\$1.29*

SUMMARY OF FINANCIAL CONDITION—DECEMBER 31 (MILLIONS OF DOLLARS)

ASSETS AND OTHER DEBITS							
Utility Plant, at Original Cost	\$1,657.7	\$1,553.4	\$1,489.6	\$1,445.9	\$1,383.3	\$1,333.8	\$924.5
Less: Accumulated Provision for Depreciation ..	429.0	402.5	379.2	355.2	333.2	309.2	194.0
Total Utility Plant, less Reserve	1,228.7	1,150.9	1,110.4	1,090.7	1,050.1	1,024.6	730.5
Plant Acquisition Adjustments	—	—	—	—	—	—	2.9
Other Property and Investments	8.1	9.7	11.8	2.1	2.2	2.4	2.9
Current and Accrued Assets							
Cash	9.4	10.8	9.3	12.3	11.2	13.2	19.1
Accounts Receivable	34.2	31.8	32.6	24.8	26.6	25.2	16.8
Materials and Supplies	22.4	21.4	20.3	21.2	22.6	21.9	20.8
Temporary Cash Investments	1.3	1.7	5.0	—	—	—	—
Other	4.2	5.2	5.1	6.0	6.0	5.2	5.1
Deferred Debits	5.3	4.9	7.9	5.2	4.6	4.0	3.2
Total Assets and Other Debits	\$1,313.6	\$1,236.4	\$1,202.4	\$1,162.3	\$1,123.3	\$1,096.5	\$801.3
LIABILITIES AND OTHER CREDITS							
Preferred Stock, including Premium	\$88.7	\$88.7	\$88.7	\$88.7	\$88.7	\$88.7	\$88.7
Common Stock	260.3	256.3	256.3	256.3	248.3	248.3	194.3
Earnings Retained for Use in the Business	199.0	182.5	169.3	156.5	145.2	134.0	89.2
Total Stockholders' Equity	548.0	527.5	514.3	501.5	482.2	471.0	372.2
Long-Term Debt	651.3	612.9	590.2	542.4	544.7	546.9	337.6
Current and Accrued Liabilities							
Bank Loans	32.3	10.5	19.6	38.3	14.9	1.0	18.0
Taxes Accrued	13.7	19.0	16.0	19.7	21.8	20.6	32.7
Other	30.9	29.5	26.4	26.3	26.5	25.1	18.5
Deferred Credits	23.8	23.6	23.2	22.3	21.9	21.4	13.5
Operating Reserves	3.0	3.2	3.0	2.7	2.6	2.4	1.6
Contributions in Aid of Construction	10.6	10.2	9.7	9.1	8.7	8.1	7.2
Total Liabilities and Other Credits	\$1,313.6	\$1,236.4	\$1,202.4	\$1,162.3	\$1,123.3	\$1,096.5	\$801.3

* Restated to reflect two-for-one stock split in 1961.

Operating Statistics

	1966	1965	1964	1963	1962	1961	1956
ELECTRIC OPERATIONS							
Output (millions of kilowatt-hours)							
Generated in System Plants							
Steam	16,007	15,133	14,263	13,511	13,614	13,140	10,168
Hydro—Conowingo	1,304	1,117	1,088	945	1,120	1,104	1,574
Internal Combustion	19	6	3	3	2	4	—
Purchased and Net Interchange	2,000	1,606	1,341	1,202	201	79	(1)
Total Electric Output	19,330	17,862	16,695	15,661	14,937	14,327	11,741
Sales (millions of kilowatt-hours)							
Residential	4,457	4,168	3,847	3,613	3,405	3,298	2,403
Small Commercial and Industrial	2,087	2,003	1,912	1,823	1,781	1,752	1,474
Large Commercial and Industrial	10,267	9,470	8,749	8,143	7,635	7,235	5,791
All Other	1,113	1,097	1,087	1,068	1,081	1,047	1,169
Total Electric Sales	17,924	16,738	15,595	14,647	13,902	13,332	10,837
Number of Customers, Dec. 31 (thousands)							
Residential	1,007	986	969	954	940	926	858
Small Commercial and Industrial	142	149	150	151	152	153	155
Large Commercial and Industrial	5	5	4	4	4	4	3
All Other	1	2	2	2	2	2	2
Total Electric Customers	1,155	1,142	1,125	1,111	1,098	1,085	1,018
Operating Revenue (millions of dollars)							
Residential	\$104.6	\$ 99.1	\$ 92.7	\$ 89.5	\$ 85.3	\$ 82.9	\$ 63.9
Small Commercial and Industrial	53.0	51.7	49.6	49.2	48.8	48.0	40.8
Large Commercial and Industrial	110.0	103.5	98.0	94.5	91.1	86.8	66.5
All Other	20.3	19.8	19.3	19.0	19.3	18.7	16.4
Total Electric Revenue	\$287.9	\$274.1	\$259.6	\$252.2	\$244.5	\$236.4	\$187.6
Residential Sales							
Average Use per Customer (kilowatt-hours)	4,477	4,263	4,002	3,815	3,649	3,590	2,833
Average Revenue per Kilowatt-hour	2.35¢	2.38¢	2.41¢	2.48¢	2.51¢	2.51¢	2.66¢
Electric Peak Load							
Net Hourly Demand (thousand kw.)	3,673	3,366	3,134	2,926	2,721	2,702	2,095
Net Electric Generating Capability (thous. kw.)	3,663	3,663	3,669	3,410	3,410	3,410	2,440
Average Cost of Fuel per Ton	\$8.21	\$8.06	\$8.11	\$8.58	\$9.48	\$9.61	\$9.14
Btu per Net Kilowatt-hour Generated	10,648	10,397	10,409	10,428	10,149	10,311	11,332
GAS OPERATIONS							
Sales (millions of cubic feet—natural gas)							
Residential	2,231	2,233	2,297	2,313	2,252	2,235	2,122
House Heating	20,343	19,642	19,221	18,936	18,218	17,102	12,389
Commercial and Industrial	11,018	9,446	8,032	7,323	6,993	6,549	5,062
All Other	810	516	184	57	61	58	52
Subtotal from Distribution System	34,402	31,837	29,734	28,629	27,524	25,944	19,625
Direct from Pipelines	20,294	20,453	19,833	16,959	14,828	13,125	6,619
Total Gas Sales	54,696	52,290	49,567	45,588	42,352	39,069	26,244
Number of Customers, Dec. 31 (thousands)							
Residential	100	101	103	104	106	106	113
House Heating	132	128	123	123	118	113	85
Commercial and Industrial	20	20	19	15	15	15	14
Total Gas Customers	252	249	245	242	239	234	212
Operating Revenue (millions of dollars)							
Residential	\$ 5.5	\$ 5.5	\$ 5.6	\$ 5.7	\$ 5.7	\$ 5.6	\$ 5.5
House Heating	34.6	33.4	33.0	32.5	31.0	29.5	20.3
Commercial and Industrial	13.0	11.2	9.6	8.8	8.4	7.8	5.4
All Other	0.4	0.3	0.2	0.1	0.1	0.1	0.1
Subtotal from Distribution System	53.5	50.4	48.4	47.1	45.2	43.0	31.3
Direct from Pipelines	8.1	8.3	8.0	7.0	5.8	5.3	2.6
Other Revenue	0.3	0.3	0.2	0.3	0.3	0.3	0.1
Total Gas Revenue	\$61.9	\$59.0	\$56.6	\$54.4	\$51.3	\$48.6	\$34.0
STEAM OPERATIONS							
Sales (millions of pounds)	6,674	6,528	6,260	6,136	5,987	5,708	3,944
Number of Customers, Dec. 31	1,154	1,139	1,127	1,115	1,106	1,077	992
Total Steam Revenue (millions of dollars)	\$8.1	\$7.8	\$7.6	\$7.8	\$7.4	\$7.3	\$5.0

AREA SERVED BY PHILADELPHIA ELECTRIC COMPANY SYSTEM

Covering 2346 square miles
with a population of 3,850,000

ELECTRIC GENERATING STATIONS

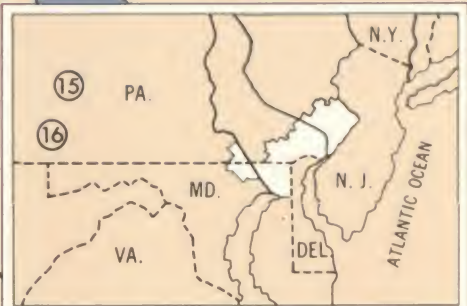
IN SERVICE	Net Capability (Kilowatts)
① Conowingo (Hydro)	512,000
② Chester	272,000
③ Eddystone	679,000
④ Southwark	377,000
⑤ Schuylkill	314,000
⑥ Delaware	445,000
⑦ Richmond	464,000
⑧ Cromby	366,000
⑨ Barbadoes	228,300
⑩ Plymouth Meeting	6,000
Total in Service	3,663,300

AUTHORIZED ADDITIONS

P.E. Owned	
⑪ Muddy Run (Pumped Storage)	800,000
⑫ Peach Bottom No. 1 (Atomic)	40,000
Jointly Owned (P.E. Portion)	
⑬ Peach Bottom No. 2 (Atomic)	427,000
⑭ Burlington (Atomic)	391,000
⑮ Keystone (Mine Mouth)	378,000
⑯ Conemaugh (Mine Mouth)	373,000

GAS PLANTS

- ⑰ West Conshohocken
- ⑱ Chester

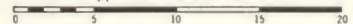


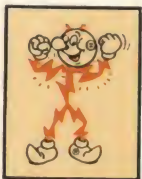
Philadelphia Electric Service Area Shown in White

LEGEND

- ELECTRIC AND GAS SERVICE
- ELECTRIC SERVICE ONLY
- GAS SERVICE ONLY
- STEAM SERVICE

Approximate scale of miles





Philadelphia Electric Company